

AT A GLANCE

Q1 2022

INVESTMENT MARKET IN POLAND

Highlights

- War in Ukraine and post-pandemic economic situation makes investors to hold breath for a while
- Google acquires The Warsaw Hub
- Retail sector investment results under influence of EPP portfolio ownership changes
- Industrial and logistic sector in Q1 below expectations



KEY FIGURES

c.a. **1.65 bn EUR**
INVESTMENT VOLUME
IN Q1 2022

4.50%
OFFICE PRIME YIELD

5.00%
SHOPPING CENTRE*

* Lack of transactions over last quarters in the prime shopping centre segment

4.5 – 4.75%
INDUSTRIAL & LOGISTICS
PRIME YIELD**

c.a. 4.00%
LOGISTICS (e-commerce)
PRIME YIELD

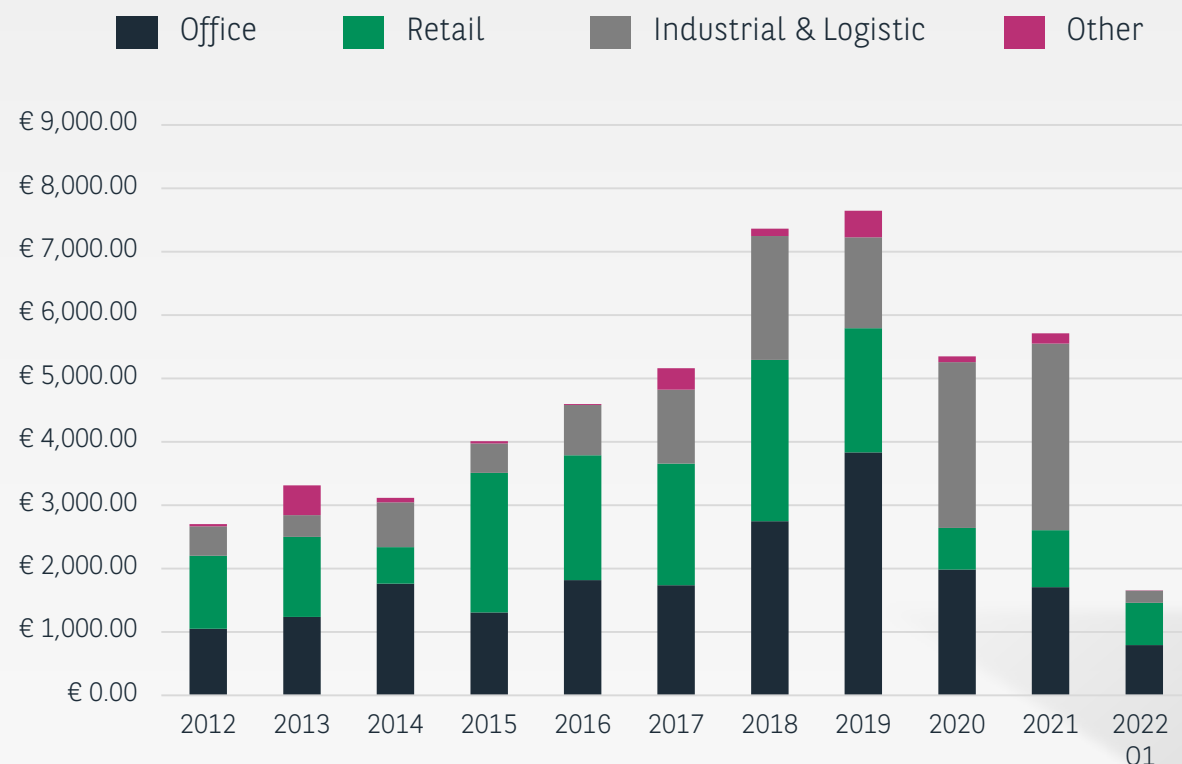
** Varies between Warsaw and rest of Poland

Macroeconomic indicators

	Latest Update	End 2022
GDP Annual (2021)	7.3%	3.5%
Inflation (March vs Annualized)	11%	11%
Unemployment (March)	5.5%	5%
NBP Reference rate (April)	4.5%	8%
FX PLN / EUR (April)	4.65	4.7

Source: GUS, NBP, Eurostat, BNP Paribas, April 2022

Investment volume (in M EUR)



Source: BNP Paribas Poland, as of the end of Q1 2022

Selected Transactions of 2022

The overall result of the first quarter of 2022 was dominated by large volume transactions. Sale value of The Warsaw Hub to Google reached the level of close to 586 m EUR. In the retail asset class, sale of shares of two dominantly retail portfolios allowed to reach the volume close to 670 m EUR which constitutes 75% of total retail result from 2021.

	ASSET	ASSET CLASS	PURCHASER	SELLER	SIZE	QUARTER
1	The Warsaw Hub	Office	Google	Ghelamco	101,000	Q1
2	M1 EPP Portfolio (50% of shares)	Retail	Pimco	EPP / Redefine	206,300	Q1
3	Community Port. (49% of shares)	Retail / Office	I Group	EPP / Redefine	325,600	Q1
4	Sky Tower	Office	Adventum	Develia	62,400	Q1
5	Cromwell Warsaw Portfolio	Industrial & Logistics	Peaksid & Partners Group	Cromwell	173,000	Q1

Source: BNP Paribas Poland, as of the end of Q1 2022

Expert Comment



Mateusz Skubiszewski
Head of Capital Markets

Strong emotions cool down the investment appetites

The optimism that investment sector allowed itself to feel encouraged by overall promising 2021 results, has been challenged after February 24, when Russia invaded Ukraine and war started in Eastern Europe.

Deteriorating economical situation which the markets faced after two years of pandemics, interest rates galloping up in a rush to prevent the hyper inflation trend as well as the fact that Poland is the next door country to the ongoing conflict, all this has made the investors to adopt a „wait and see“ strategy. This approach has been observed also in the first months of the health crisis which was in fact a defense mechanism, while all the markets participants (tenants, developers, investors) are trying to find the balance in the new circumstances. Having this experience, however, subject to war further development, we are closely watching transactions to start to get back on the right track.

Expert Comment



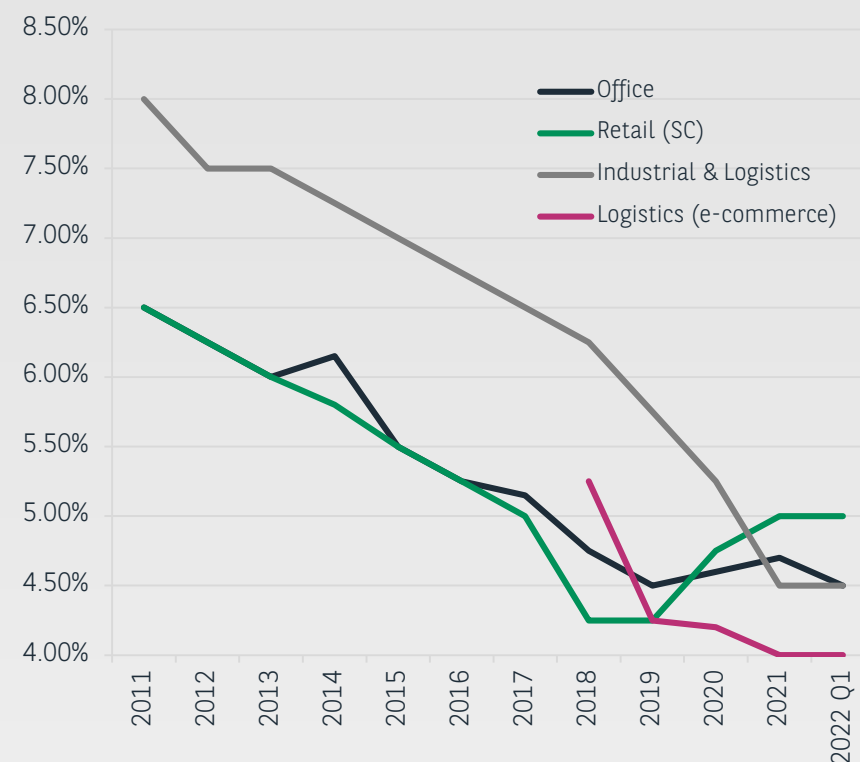
Marta Gorońska-Wiercioch

Associate Director, Capital Markets

The first quarter results – which were overall 34% higher than same period last year – was mainly generated by three investment events, which generated almost 75% of the total quarterly volume. Undoubtedly, the sale of The Warsaw Hub by Ghelamco to Google, announced in the first days of the war, brought in some fresh optimism, both for the office sector and investment market. Industrial and Logistics made us used to spectacular results over the last quarters, therefore less than 200 m EUR of investment volumes seems to be an underestimate considering the potential the sector has still ahead. In the retail segment, putting aside the EPP portfolio sales via JVs, investors have continued to show interest in retail parks and projects for redevelopment.

Prime Yields

Annual Prime Yields per Sector, in %



Source: BNP Paribas Poland, as of the end of Q1 2022

The crisis time does not bring the immediate answers as to what is going to be the future price of certain products. This is why the prime yields in majority have remained at previous levels. The exception was made towards office sector, where the prime yields have compressed by 0.2 p.p. as a result of a held transaction and anticipation for a future one. Also, a 0.5 p.p. decrease has been applied to prime retail park products which were the ones attracting most of investors' attention in the last couple of quarters.

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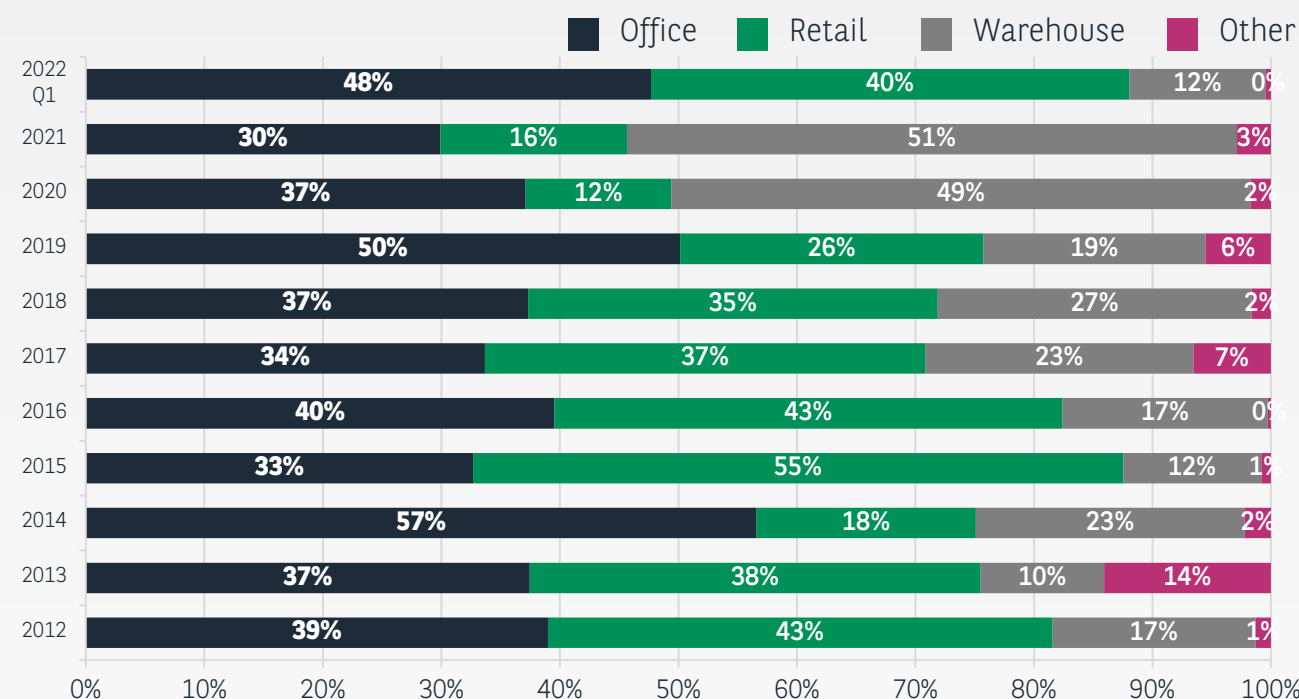
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Sector split

Annual Sector Split of Investment Volumes, in %



Source: BNP Paribas Poland, as of the end of Q1 2022

Office

Office sector started 2022 with over 790 m EUR, which is a result better than first quarter last year by 32%, of which 75%, however, was a single transaction. Among the remaining ones, there was West 4 Business Hub I, in which the seller was represented by BNP Paribas Real Estate Poland.

Retail

Retail sector generated the turnover of close to 670 m EUR, which translates into 75% of the total investment volume in 2021. Sale of shares in EPP portfolios contributed to the result in almost 90%. The rest 10% included 7 other transactions, among them the sale of Młyn Retail Park by Mitiska to a Lithuanian Investor.

Industrial & Logistics

Industrial & Logistics products turnover reached the level of 191 m EUR, which is only 48% of the volume from quarter 1 last year and 6% of the total 2021 volume generated by the sector. To keep the leading position, the sector will have to catch up, in which the ongoing war may help. Disrupted supply chains as well as large number of facilities being closed down in the sanctioned countries, make Poland with developed infrastructure and modern stock, an interesting alternative on the map of Central Europe.